Report of High-Powered Committee on Property Tax in Delhi

1370. SHRI CHATURANAN MISHRA: Will the PRIME MINISTER be pleased to state:

(a) whether the high powered committee on proeperty tax reforms in Delhi has submitted its report;

(b) if so, the details thereof; and

(c) the decision taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS AND THE MINISTER OF STATE IN THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI SUBODH KANT SAHAY): (a) to (c) Yes, Sir. The main recommendations of the Committee are contained in the Statement annexed *(See below)* Certain legislative amendments may be necessitated after the Delhi Administration examines and formulates its views on the report of the Committee.

Statement

The Main Recommendations of High-Powered Committee on Property Tax Reforms

1. *Date of Effect*

Revisions in rateable values to be effective from 1-4-89 instead of 1-12-1988.

2. *Determination of Annual Value: Method Regarding*

(a) *Self-occupied Residential Properties*:

Annual value of self-occupied residential property shall be 10 per cent of cost paid towards land and that of construction. In case of readymade built up flat purchased, annual value shall be worked out 10 per cent of cost thereof. It shall, however, be ensured that annual value worked out at 10 per cent of the cost does not exceed prevalent rent of 1989-90.

(b) *Self-occupied Non-Residential Properties*

The same procedure, as in case of self-occupied residential properties.

(c) *Rented Properties*

Rented properties shall be assessed as per standard rent, if any fixed by the Controller or the actual rent, whichever is higher. However, in respect of tenancy on or after 1-4-1989, annual value shall be actual rent and if such actual rent is lower than the prevalent rent for similar propeties, then such prevalent rent.

3. *Annual Value of Land*

Annual value of land shall be 5 percent of cost paid towards acquisition thereof. If at least 25 percent of permissible FAR building is not completed within 7 years from the date of taking over possession of plot in case of a residential property and 5 years in the case of a non-residential property, land shall be assessed on the basis of its market value and not on the basis of cost paid. This provision shall come into force from 1-4-1992.

4. *Special Category of Properties*

Where Cinema Hall, Hotel, Guest House, Cold Storage, Godown etc. is actually let out, annual value shall be computed on the same pattern as a let out property. However, where a building is in self-occupation, rateable value of slef-occupied building or portion thereof shall be taken as 10 per cent of the market price of land and depreciated cost of building in the year of assessment, or where prevalent rent for similar properties is available, on the basis of prevalent rent, whichever is higher.

5. *Farm Houses*

Annual value of a farm house let out shall be fixed like any other rented property. Where a farm house is in self use, its rateable value shall be 10 per cent of the market price of land and depreciated cost of construction in year of assessment or comparative rent, whichever is lower.

6. *Change in Ownership*

Wherever there is change in ownership of a building and it is self-occupied, rateable value shall be fixed at 10 per cent of cost paid by new owner or prevalent rent of 1989-90, whichever is lower. In respect of property constructed or purchased on or after 1-4-1989, annual value shall be 10 per cent of such cost of construction or prevalent rent of the year in which building was completed or purchased, whichever is lower.

7. *Deduction for Maintenance*

Statutory deduction for repairs and maintenance of properties shall be 15 per cent of the annual value instead of 10 per cent as at present.

8. *Rate of Tax*

There shall be a consolidated rate of property tax ranging from 12.5 per cent to 30 per cent as against existing rate of tax varying from 14 per cent to 57 per cent. The rate of tax shall be as under:—

Residential	12.5% to 20%
Non-residential	15% to 25%
Special Category	20% to 30%

The above rates shall apply in NDMC areas as well.

9. *Procedure of Assessment*

A taxpayer shall file an annul return of rateable value and *suo moto* pay tax alongwith return. No assessment shall remain pending for over three years. For failure to pay tax alongwith return, suitable interest shall be charged for the period during which tax was not paid.

10. *Collection of Taxes*

Undisputed tax shall be collected on the basis of self assessment alongwith return. In respect of any disputed tax, a notice of demand shall be issued and recovery made as per law.

11. *Appeals*

First appeal shall lie to an 'appellate authority' for which officers may be drawn from MCD or other Departments of Delhi Administration or Government of India. Second appeal shall lie to a two-member Tribuanl. The first appeal shall be heard on *suo-moto* payment of tax on the basis of self-assessment, while second appeal shall lie only on payment of 50% of the disputed tax and furnishing security for the remaining 50% to the satisfaction of the Chief Executive of the local body. Interest on the amount finally becoming payable after disposal of appeal by the Tribunal shall be payable at such percentage as the Chief Executive may decide and the same shall be payable from the date the demand had become due. If on disposal of appeal a refund works out, the same alongwith interest shall be payable by the MCD/NDMC.

12. *Mutation/Sub-Division*

The pocedure for mutation and sub-division should be simplified. All physical sub-divisions should be accepted and mutation allowed on payment of arrears of property tax on pro rata basis.

13. *Panel of Assessors*

A Panel of Assessors shall be set up to fix prevalent rents of

different localities or different types of properties, which shall also be notified to the public.

14. *Exemptions*

100 per cent exemption shall be granted to places of worships homes for destitutes, orphans/poor children/old age/handicapped/blind/deaf and dumb and dharmashalas, not for any particular community, while 75 per cent exemption shall be allowed for properties owned and occupied by charitable dispensaries and hospitals and aided schools getting grants-in-aid upto 95% from the government

15. *Union of India and State Government Properties*

The quantum of service charges on the Union of India's properties should be increased. The term "properties of the Union" should be clarified, so that properties being controlled and managed by public sector undertakings, authorities set up under an Act of Parliament, Government companies and those set up under the Soceties Act are not treated as the properties of the Union. State Government properties used for business or trade should be required to pay property taxes, while other properties should be subjected to levy of service charges.

16. *Periodical Revision*

Considering the fact that amended provisions of the DRC Act, 1958 permit a revision in the standard rent or agreed rent by 10 per cent every three years, next revision in rateable values in Delhi shall be carried out in 1992-93. The revision shall depend on the facts of each case. Where there is no actual increase, upward revision shall be limited to 10 per cent of RV.

Organisation to Study Oceanology and Crash Plan to Tap Ocean Resources

1371. SHRIMATI BIJOYA CHAKRAVARTY: Will the PRIME MINISTER be pleased to state·

(a) whether there is any institution or organisation under the Depatment of Ocean Development, which is devoted exclusively to the study of oceanology and marine and submarine resources in India;

(b) if so, whether Government have any crash plan to tap the vast ocean resources which have remained untapped so far and if so, the details thereof; and

(c) the name of the institution, its location and function and the various grades of officers and staff together with their designation and scale of pay?

THE MINISTER OF STATE IN THE PRIME MINISTER'S OFFICE (SHRI KAMAL MORARKA)· (a) and (c) The Department of Ocean Development has no research and development organsation or institution directly under its control.

(b) The importance of ocean resources has been recognised in the Ocean Policy Statement of November, 1982, which was approved by Parliament. In furtherance of the Ocean Policy Statement, the Government implemented a number of R&D Programmes as well as operational schemes to harness the resources of the sea. Some notable ones are:

(i) exploitation of deep sea resources of metallic minerals in the Central Indian Ocean beyond the Exclusive Economic Zone (EEZ).